

HOUSE BILL REPORT

HB 1225

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to cancellation and nonrenewal of medical malpractice liability insurance policies.

Brief Description: Regulating medical malpractice liability insurance policies.

Sponsors: Representatives Schual-Berke, Cody, Lantz, Fromhold, Moeller, Simpson, P. Sullivan, Morrell, Williams, Linville, Clibborn, Kagi and Ormsby.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/17/05, 3/1/05 [DP].

Brief Summary of Bill

- Requires insurers to provide at least 90 days notice of cancellation or nonrenewal of medical malpractice liability insurance policies.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 11 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Newhouse, Santos, Schual-Berke, Serben, Simpson, Strow and Williams.

Staff: Jon Hedegard (786-7127).

Background:

With certain exceptions, state insurance law requires insurance policies to be renewable. An insurer is exempt from this requirement if the insurer provides the insured with written notice that it proposes to refuse to renew the insurance policy. Generally, the cancellation notice must be actually delivered or mailed to the insured no fewer than 45 days before the effective date of the cancellation. Shorter notice periods are specified for cancellation based on nonpayment of premiums (10 days) and for cancellation of fire insurance policies under certain circumstances (five days). The written notice must state the actual reason for cancellation of the insurance policy.

Summary of Bill:

The mandatory notice period for cancellation or nonrenewal of medical malpractice liability insurance policies is increased from 45 days to 90 days before the effective date of the cancellation or nonrenewal. An insurer must actually deliver or mail to the insured a written notice of cancellation of a medical malpractice liability insurance policy. For policies the insurer chooses to not renew, the notice must state that the insurer will not renew the policy upon its expiration date.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: In the last few years, insurers have non-renewed entire classes of doctors and facilities. The current amount of notice required was not adequate. The bill gives a doctor or facility additional time to find new coverage if they are cancelled or non-renewed. Physicians and facilities may be non-renewed or not accepted by an insurer even though they have no claims. It can be very difficult to find a new insurer, additional time would be useful.

Testimony Against: None

Persons Testifying: Representative Schual-Berke, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.